

“Accountability, Application and Evaluation”
the essentials for bottom line impact from learning
and development

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1. Introduction

Recent research has identified that over 80% of organisational training may be wasted by organisations. The research carried out by the Kite Foundation¹ in 2012 highlighted that less than 20% of a global training spend of \$670 billion dollars was ever applied to the work place. This suggests that over \$500 billion is having no impact on business performance or results. This paper seeks to raise awareness of this issue and how it can be addressed, so that the high level of waste can be tackled and reduced.

Odyssey has spent over ten years investigating how organisations can maximise the impact of organisational learning and has found that the traditional learning models do not help organisations to maximise a return on their training investments. There is limited synergy between learning activities and organisational aims, inadequate learning transfer strategies and an inappropriate focus on the 'Happy Sheet'. This paper examines why this situation has developed and how organisations can tackle these issues to ensure they get a better impact from the training activities.

2. The Challenge - Why do organisations waste \$500 billion on training?

There are many reasons why investment in training and learning is being wasted but the primary issue is a mindset of low expectations that training will change behaviour or improve business performance. Expectations are low in the majority of organisations and a lack of impact on business results is either accepted or ignored. The journey to changing this mindset will require a focus on the issue, a wide ranging debate and needs to start with an identification of the factors causing the problems.

The 'Happy Sheet' is still frequently used to assess the impact of training within organisations and a large number rely solely on this form of evaluation. Whilst at best it might reflect a view on the training, it is of little use to the organisation as a business improvement measure. The CIPD Learning and Talent Development Annual survey 2013² showed that less than 20% of respondents rarely or never tried to measure learning against Kirkpatrick's four levels of Reaction, Learning, Behavioural change or Business impact and only 6% use an ROI measure consistently to measure training interventions.

McKinsey³ also identified the limitations of the 'Happy Sheet' when they produced a paper in 2010 where they identified 'Happy Sheets', or post training evaluation as - 'edutainment' and argued that trainers were reluctant to push learners in case they received poor scores.

So what leads to these worrying figures and the reliance on the Happy Sheet?

Feedback from the market suggests it is due to ease and simplicity, rather than a useful purpose. It is also felt that other evaluation approaches are perceived as too time consuming, difficult or not required as executives don't ask for the information. The answer to the challenge is simple – increase the awareness of senior managers and executives of the possible waste and there will be an increased focus on evaluating against more meaningful levels.

Evaluating the learning and development (L&D) impact on bottom line performance is made easy when some business impact work is done at the front end of any

development activity. The following steps make the process clear and simple for organisations:

- Organisational and programme goals need to be defined up front and shared with learners and line managers
- Clarity on what success looks like for the organisation, the learners, their teams and their customers needs to be defined
- A clear benchmark of the learner's current skill/knowledge levels or behaviours is required to ensure relevant content and L&D activities

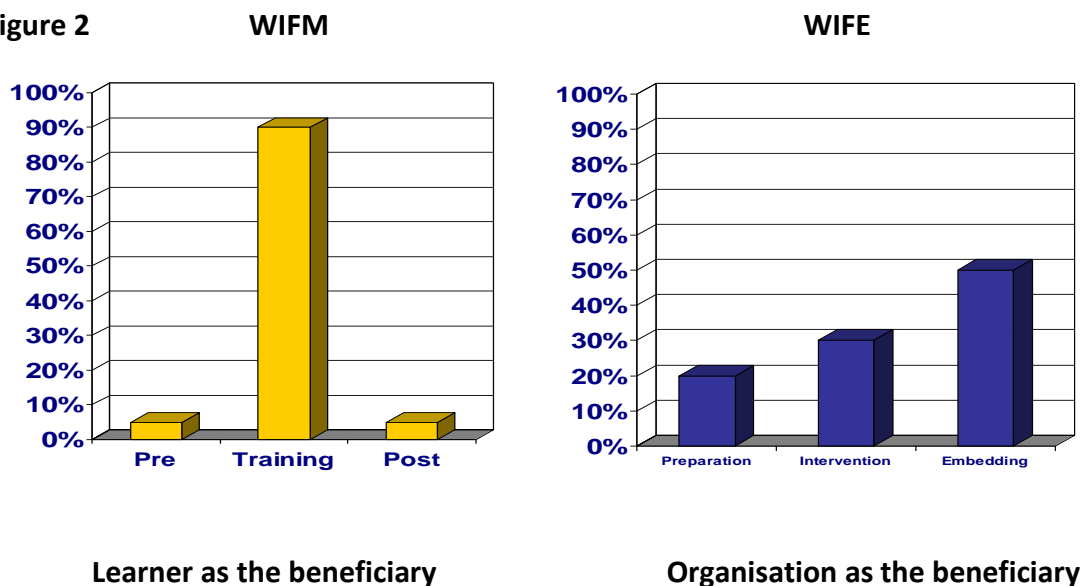
Once the starting point has been clearly defined it becomes easy to evaluate going forward. Demonstrating a credible bottom line return can be challenging, but this is often because the L&D team are unaware of the business metrics that the training can affect. However, the finance team have this data and it is the responsibility of L&D professionals to become familiar with this. It is time to change the existing approach to L&D. This means 'grasping the nettle' and starting to show business improvements and a bottom line return.

3. A 'Paradigm Shift' or 'a gradual illumination of minds'

In 2005, Odyssey produced a white paper around leadership development called 'Leadership Development - the Paradigm Shift'⁴. This put forward the argument that poor evaluation strategies and a failure by organisations to embed learning, could be addressed by a change in thinking that could happen quickly. Nine years on, it is apparent that these changes are taking time and a more realistic understanding of the challenge is captured in Darwin's phrase: *'The gradual illumination of minds'*.

Odyssey's work with a number of organisations has shown that the 'Paradigm Shift' will not happen overnight and that the change needs a persistent message from learning and Development Champions to challenge the prevailing 'mindset'. In many cases, class room or online learning is seen as the corner stone of the L&D process. However we argue that this is merely a peripheral phase and a greater focus is needed on 'what happens after' the training to really make a difference. Odyssey has developed a model (Figure 2) that shows two different approaches to L&D. The model on the left results in a culture around learning that we have termed WIFM – 'what's in it for me'? The model on the right delivers a culture around learning that we have termed WIFE – 'what's in it for everyone'. Put another way the graph on the left shows a focus on training activities which leads to a solitary beneficiary....the learner! The graph on the right illustrates a better balance and focus on the before, during and after elements of learning. This model delivers improvements to a range of beneficiaries including the learner, teams, organisation and customers. When applied the ultimate outcome is improved business performance and a positive return on investment.

Figure 2



Experience has identified that post training support, or learning transfer strategies, as they are often referred to, are rare or inadequate in most organisations. They are also not widely understood or appreciated. There is sometimes reluctance in learners to engage in or appreciate the purpose of post L&D activities. Many struggle to cite examples of learning, behavioural change, impact or ROI data. It is clear that learners struggle and often don't feel responsible to evidence any learning, with many not being able to remember the programme content or models. A new approach to training is required to change this 'mindset' in learners and thus their ability to generate and evidence real impact from training. The model on the right will go some way to achieving this.

Elwood Holton III⁵, from Louisiana University, has spent many years looking at learning transfer strategies and how important they are in generating real impact from training. He has proven that when line manager's support their employees on returning from training, that the level of application increases.

A mindset change around a bottom line approach to OD is the professional responsibility of the Learning and Development profession and a proactive macro communication strategy is needed to achieve the 'gradual illumination of minds' mentioned earlier. The message needs to communicate why and how employees need to move from the concept of 'what's in it for me' to a mindset of 'what's in it for everyone?'

This mindset can be changed during the organisational induction process. Individuals should be told that they will be supported, developed, educated and improved but in return, the organisation will be looking for its pay back or return on investment.

During the induction phase, it is important that the organisation makes it clear to new staff that it will be looking for evidence of how the learner applies their training and the effect this has on themselves, their teams, the organisation and customers.

With a little persistence, this process can become an accepted norm in the organisation and with processes in place to capture the impact, evaluation will move further along the spectrum beyond the 'edutainment' happy sheet.

Another step that will increase training impact is to start measuring learners, the learner's line manager and executives for their contribution to making L&D initiatives a success for their organisation. In effect a Happy Sheet equivalent for the other L&D stakeholders. The contribution made by learners, line managers and executives to deliver positive results from L&D processes is often poor and introducing a scoring system for all three will change this.

Increasing impact will be a challenge but a way forward is to think about the adage that 'what gets rewarded gets done'. Organisations need to recognise through their performance management systems the managers who do more to help increase the skills of their teams via effective learning transfer and support strategies. If managers were rewarded for this support then organisations would start to experience a better bottom line return.

4. It's not what we do....its the way that we do it!

Speaking recently at a Logica conference, Odissy used the Bananarama song, 'It's not what you do, it's the way that you do it' to highlight the challenge faced in delivering a bottom line impact from learning and development investment. It is not the fault of the training for a lack of impact or bottom line return, but the lack of a process to help people apply the training. The poor process often comes from a lack of line manager support, often justified on time management grounds. Our suggested strategy to address this issue is based on some research by the Annenberg School of Communications⁶ at UCLA and the University of Minnesota's Training & Development Research Centre. They showed that managers can spend 40 to 50% of their working hours in meetings, yet the studies also point out that as much as 50% of meeting time is unproductive and that up to 25% is spent discussing irrelevant issues. Therefore if this waste could be eliminated, managers could find up to one and a quarter days per week to focus on key areas such as people development and learning transfer support.

Executives play a major role in approving the L&D budget, yet they are often very distant from the outcomes. Worse still they are not asking the right questions of their training development colleagues at board meetings. They are often satisfied with feedback such as what training has taken place?, how much it cost?, how many people attended?, did they enjoy it?, and what scores were received?. More probing and relevant questions need to be asked such as:

- How did the workforce improve after the training?
- In what ways are they operating differently?

- What improved business results are being generated?
- How is our organisation more successful than before?
- What is the monetary return on investment?
- Is the customer experience better than before?

A change in stakeholder focus is required to enable effective learning transfer and we need to move from the 'traditional' approach to the 'high impact' approach (Figure 3). In the 'traditional' model learning is done in a vacuum and line managers tend to be disengaged. Typically when an individual returns from training their memory retention can drop as low as 20% after five days. With this approach, HR gamble with the budget; Finance staff see the training as a cost and executives fail to see real skills improvements or business growth.

However, with the 'high impact' model, learners share their plans and successes from the training with their line manager and colleagues and how they plan to apply their new knowledge and skills in the workplace. This approach is supported by research by Dale⁷ who looked at strategies to aid memory retention. This work suggested that memory retention is likely to increase where employees have the opportunity to share details of the training with colleagues shortly after the training. This approach could easily be embraced in organisations at team meetings or similar forums.

Figure 3 – A different Stakeholder approach

Beneficiary	Traditional	High impact
Chief Executive	Talent identification	Talent development
Finance Director	Cost	Profit/Surplus
HR Director	Faith based	Evidence based
Line Manager	Detached	Engaged
Employees	Personal	Shared

The other benefits of the High Impact model are that HR can evidence a profit from the L&D budget, Finance will see a bottom line return and executives see a better skilled and more productive workforce.

To support organisations in addressing the challenges outlined in this paper, Odissy has developed a solution named the ‘The Performance Improvement Cycle© (Figure 4) which contains six elements that are broken down into three phases.

- 1 Evaluation, benchmarking and target setting** - The first phase begins with an evaluation of what is working and what isn’t against the key performance indicators, ‘benchmarking’ individuals to assess skills and knowledge gaps and identifying specific targets for success.

- 2 **Intervention design and learning transfer support** - The second phase is designing the right training activity and learning transfer strategies to make the training work.

- 3 **Measurement** - The third phase looks at whether the individual, programme and organisational targets have been achieved. Generally this is a cyclical process and helps the organisation to demonstrate real business impact and positive ROI results.

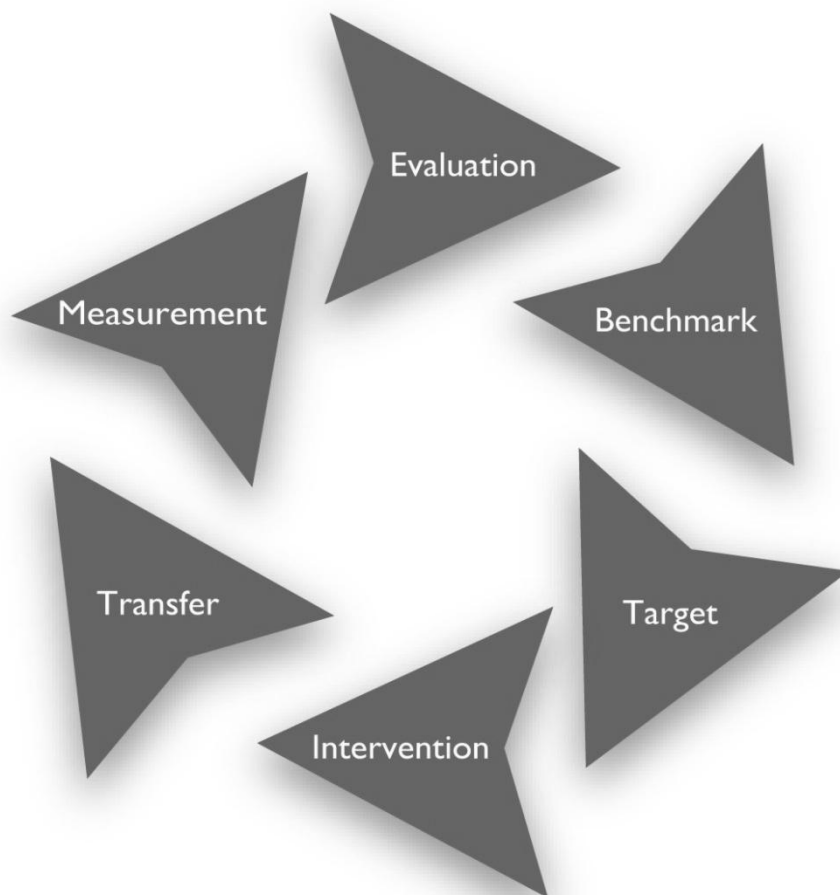


Figure 4- Performance Improvement Cycle©

This proven methodology will move organisations from the traditional approach to the high impact approach and thus generate a Return on Investment (ROI) from the training budget. Organisations that have applied this approach are generating a £3 return for every £1 spent on training. In financially testing times these results are precisely what organisations need to achieve. Wasting \$500 billion needs to be consigned to the past.

In 2010, the management team at Odissy wrote a book on learning and development under the title of 'From the Happy Sheet to the Bottom Line'⁸. It included eight case studies around leadership, management development, change management and coaching and explained the strategies that led to significant intangible and tangible personal and business impacts. We understand why our learning and development colleagues say that the processes to improve the impact of training can be time consuming, so we have moved from our original paper based approach to an automated approach. We compare our new approach to the way that we now travel, having moved from road maps to sat navs. With minimal input our software takes our customers painlessly to their destination.

Our software has two input areas, one for the company to set up the programme and the other for the employee to share how they are applying their learning and carry out benchmarking activities. This information is then downloaded by the L&D manager or their equivalent into a very efficient evaluation report, which can then be presented to the directors to show the effect on the bottom line. This data can be used for board presentations, investors in people evidence, submissions for National

Training awards etc. Recently a customer used the data to support their successful award into the Sunday Times top 100 organisations to work for.

5. Conclusions

In closing, the Einstein quote *“No problem can be solved from the same level of consciousness that created it”* offers an insight into how we can tackle the \$500 billion of waste in the industry.

To solve this problem we need to step back and take a hard look at where we are and why we have arrived at this point. Only with fresh thinking and the ability to challenge the status quo will we solve this challenge. Think Bananarama, its not what you do, it's the way that you do it!!! Applying the above processes will transform your results and raise your credibility with the organisation.

A summary of our suggested actions are:

1. Educate the organisation around L&D waste
2. Introduce 'Happy Sheets' for learners, line managers and executives to assess their role in the L&D process
3. Use the induction process to change the mindset from WIFM to WIFE
4. Be patient but persistent to achieve the gradual illumination of minds
5. Develop High impact strategies and move away from the traditional L&D models
6. Reward the managers that implement learning transfer strategies
7. Automate evaluation and ROI systems
8. Reduce managers meeting time by better meeting management processes

We would be very interested to hear from any reader who has examples that fit with the approach suggested in this white paper or conversely to challenge our thinking. Our objective is to help our customers to move from the wasteful situation of 2012 highlighted by the Kite foundation research. We are also determined to raise the credibility of our L&D colleagues in the eyes of their executive colleagues by helping them to be seen as a profit centre rather than a cost centre.

Our industry needs innovators and visionaries to lead the way in changing L&D processes. The key to success is to ensure Accountability; Application and Measurement processes are embedded across the entire organisation. Only by doing this will learning 'make a real difference' and a bottom line return be generated.

You can contact us on 02476 677223 or email us at info@odissy.co.uk or via our website www.odissy.co.uk. We look forward to hearing from you and widening this debate.

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Appendix - Odissy Overview

Mission statement

“Expertise and technology to manage return on investment and transform your approach to training and development”

Odissy Ltd is based in Coventry with a team of consultants who help companies to improve their performance by increasing the return on investment from their training budget.

Odissy was formed to address the problem that only 4% of companies were able to show a bottom line return from training. Most companies waste over 80% of their training budget and we implement a process around their training that stops this waste. Our book highlighting our successes called ‘From the Happy sheet to the bottom line’ shows a £3 return for every £1 invested in the training.

We have automated a manual L&D process and after four years of planning, design, in house and external testing, it is now being sold to the market. We have a team of experienced consultants that is helping us to maximise the potential of the software both in the UK and overseas.

Our customers are now producing case studies showing how our innovative and efficient approach has enhanced their staff training and produced excellent return on investment results.

Services we offer are

1. OD and ROI consultancy
2. Software licensing and sales
3. Software franchising
4. Software support and training
5. Conference speaking and book sales
6. Leadership, Coaching and Sales training

Odissy sets out to develop long term relationships with clients in the UK and overseas and grow our turnover to £3 million within five years. Our unique selling point is that very few organisations know how to solve ROI and evaluation problems and organisations are under great pressure to justify their staff training budgets.

Patrick Taggart
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